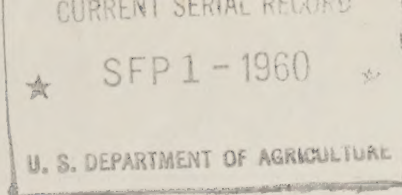


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# The AGRICULTURAL OUTLOOK DIGEST

AGRICULTURAL MARKETING SERVICE, U. S. D. A.

WASHINGTON, D. C.



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Mid-year prospects point to about the same total farm output in 1960 as in the last 2 years.

Crop production has shown unusual stability, following the sharp increase from 1957 to 1958. The index was 118 (1947-49=100) in both 1958 and 1959, and about the same level is forecast for 1960 on the basis of July 1 conditions. Farmers will harvest a slightly smaller acreage than last year but a little more than in 1958. Yields are expected to average a little above last year and second only to the 1958 peak.

Grain production will again be high. The rapidly improving wheat crop is now expected to reach 1,347 million bushels, third largest on record...feed grain output is forecast at 4% below the 1959 high and second largest. A 3% larger tobacco crop than last year is in view, and the acreage planted to cotton and soybeans is up 3% and 5%. Seven percent smaller output is in prospect for noncitrus fruit.

Livestock production is likely to ease below last year's peak. Cuts for hogs and eggs probably will outweigh gains for cattle, broilers and milk.

FARM INCOME. Farmers' receipts from markets in the first half of 1960 were slightly under same period of 1959. They sold a larger quantity of products but prices averaged a little lower. Livestock receipts fell 3%, mostly because of lower prices for cattle and hogs. Crop sales returned slightly more money than in the first half of 1959.

Production expenses in the first half ran a little above 1959. Wage rates, property taxes and interest charges, and prices of some industrial products were up. Prices paid for feed and feeder livestock were lower.

Realized net income for the first half of 1960 was at an annual rate of \$11 billion. This is 3% below the \$11.3 billion realized in all of 1959, and 9% below the rate for the first half.

LIVESTOCK. Seasonal rise will lift hog prices well above a year earlier this summer. They will retain a good margin over last year through the seasonal decline this fall. Marketings have fallen below a year earlier because of the 16% reduction in last spring's crop...will stay lower well into 1961 in view of the prospective 4% cut in the fall crop.

Fairly stable prices for fed cattle is the most likely prospect for the rest of 1960. Marketings will continue large as 4% more were on feed in 21 leading states on July 1 than a year earlier. Slaughter of non-fed cattle also will be up some. But in next few months total meat production will be down from 1959 because of reduced hog slaughter.

MILK. Production continues to maintain a margin of around 1% over a year ago. Prices for both fluid and manufacturing purposes are running a shade above 1959.

EGGS. Reduced number of chickens raised for laying flock replacement will lower production below 1959 during most of the rest of 1960. Prices are likely to be higher. First official report on chickens raised was released July 22.

BROILERS. Summer slaughter will reflect the 12% larger chick placements in May and June than last year. But prices are not likely to sag as much as a year ago. Not only is demand likely to show its usual summer strengthening but it will receive a boost from reduced supplies and higher prices of pork. In mid-June, broiler prices to farmers averaged 17.6¢, 1.8¢ above a year earlier.

SOYBEANS. Farmers' prices probably will hold near the current level until a seasonal decline sets in with the approach of harvest. Crushings for 1959-60 are estimated at 400 million bushels, not much different from last season. About 130 million are expected to go abroad, 20 million more than last year. These estimates point to stocks of around 40 million bushels next October 1, 22 million less than on the same date of 1959.

FLAXSEED. Crop will jump 42% above last year, according to season's first estimate. But 32 million bushel total would be 15% below average. Prospective crop will exceed domestic disappearance but stocks are small. Prices in the coming season are likely to average above the \$2.38 support but below the \$3.02 average for the 1959 crop.

FEED GRAIN. About the same supply for the coming 1960-61 season as in 1959-60 is likely, according to early season prospects. July 1 forecasts indicate production of 159 million tons, 4% less than last year. An increase in carryover will about make up the deficit.

Number of grain consuming animal units this year is about 1% fewer than in 1958-59. More cattle are on feed but numbers of hogs and poultry are down. Some further decline is likely in 1960-61.

Feed grain prices are averaging about 5% below a year earlier, though they have advanced seasonally since winter. If prospects for the 1960 crops continue favorable, grain prices are likely to continue under 1959 levels this year.

WHEAT. Crop improved markedly in last month. Total was forecast at 1,347 million bushels as of July 1, third largest crop on record. Winter wheat prices dipped about 22¢ below support in early July as harvest went into high gear...will rise seasonally after the heavy market movement slackens.

RICE. Heavy exports have reduced rice stocks and crop in prospect is about the same size as last year's. Total supply for 1960-61 is estimated at about  $66\frac{1}{2}$  million cwt., about  $3\frac{1}{2}$  million below last season, and  $6\frac{1}{2}$  million below 1954-58 average.

FRUIT. Production of all noncitrus fruits is expected to be below last year, except grapes, about the same, and sweet cherries, up 5%. Total is estimated to be 7% under 1959, but 3% above average. Reductions in fresh market supplies, and in the canned, and frozen packs are likely.